

purportedly would arrange for sales between buyers and sellers of metal in legitimate, "arms-length" transactions (transactions negotiated by unrelated parties, each acting in his/her own best interest). Purportedly to finance those metal sales, the defendants then would arrange for loans with banks, usually to be repaid after 180 days. As collateral for the loans, the banks relied on Allied Deals' accounts receivables (the money that Allied Deals was due from the customers for the metal transactions), expecting that the supposed loans would get repaid when the customers repaid Allied Deals for the metal that had been purchased.

In fact, hundreds, if not thousands, of metal transactions upon which the loans were based simply did not exist. NARENDRA RASTOGI and his co-conspirators had set up and controlled an elaborate network of hundreds of sham, nominee companies around the world (which they called "group companies") to serve as fake purchasers of metal from Allied Deals, so that the defendants could get loans from the victim banks.

RASTOGI and his co-conspirators used loan proceeds from one victim bank to make the loan payments required by another victim bank, while concealing that the newly-issued loans were not being used to fund actual, arms-length metal transactions and that the money used to pay off the loans had not been provided by the buyers of metal in bank-financed sales.

As part of the scheme, RASTOGI and his co-conspirators went to extraordinary lengths to create a facade that sham, controlled "customers" were in fact real, independent metals companies with actual employees and offices and with no ownership or control relationships with the defendants. Among other things, a number of co-conspirators posed as Allied Deals customers, established offices and phone lines for the sham companies in the US and abroad, arranged for fake letterhead and bank accounts, and were prepared to field calls from bankers or auditors.

RASTOGI and his co-conspirators also created fake credit histories for the sham customers. Among other things, they established a fake credit reporting agency, which then would generate false credit reports attesting to the credit-worthiness of the sham companies. These credit reports then were kept in a series of "credit files" that Allied Deals maintained for each of its sham customers, which files could be shown to banks and/or auditors to further the deception that they were real customers.

Allied Deals employees also furthered the scheme by forging many of the documents that the banks required in order to

obtain loans. For example, the documentation department of Allied Deals would create fake purchase contracts at Allied Deals' office in New Jersey, cut and paste a signature for the purported customer, and then fax the document between fax machines at Allied Deals, in order to make it appear that the document had come from overseas. The evidence also established that Allied Deals employees routinely forged such key shipping documents as steamship line bills of lading, and Chamber of Commerce certificates of origin.

RASTOGI and his co-conspirators also would ship the same metal between multiple customers at different ports around the world, using each repeated metal transaction to support an additional loan. To increase the declared value of the metal being shipped (and the amount of each loan), Allied Deals employees also would falsely represent on the bill of lading the type of metal in a particular container - stating, for example, that a particular container contained an expensive metal, such as cobalt, when it in fact contained a cheaper metal, such as lead. The defendant and his co-conspirators also would use the same collateral for two different loans by submitting purportedly "original" bills of lading to more than one bank.

In the spring of 2002, several of the defendants in the United States were assigned the task of fielding telephone calls from auditors or bankers, while posing as a representative of one or more of the sham companies in the United States. To facilitate this effort, the co-conspirators obtained a number of cellular telephones, each of which was assigned to a particular sham company. A number of Allied Deals employees then fielded calls from bankers, falsely assuring them that the amounts due would be repaid.

A total of fifteen defendants have been arrested in the United States in connection with the scheme. Nine, including NARENDA RASTOGI, pleaded guilty in advance of trial. Six defendants in the U.S. case went to trial, five of whom were convicted. Two defendants in the U.S. case remain at large.

RASTOGI pleaded guilty in December 2003, pursuant to a cooperation agreement with the Government, to one count of conspiracy, 28 counts of bank fraud, and one count of conspiracy to commit money laundering. As part of his cooperation, RASTOGI testified in London in the fall of 2007 over the course of six and one half days at the UK trial of his brother VIRENDRA RASTOGI and three others.

In addition to the prison term, NARENDA RASTOGI was sentenced to 5 years of supervised release and ordered to pay

restitution of \$683,632,800. RASTOGI, age 53, of Gutenberg, New Jersey, has been detained since his arrest in May 2002.

Mr. GARCIA stated: "The Rastogi case involves a massive and sophisticated scheme to steal hundreds of millions of dollars from a number of international banks. The fraud - which was carried out through a sprawling network of hundreds of sham metal customers, outright falsification of documents, and complex efforts to conceal and further the fraud - was astonishing in scope and magnitude. The success of this investigation and prosecution is a testament to the years of close cooperation between this Office, the FBI, and the United Kingdom's Serious Fraud Office."

Mr. GARCIA thanked the Federal Bureau of Investigation and the United Kingdom's Serious Fraud Office for their work in this investigation and prosecution.

This prosecution is being handled by the Major Crimes Unit of the United States Attorney's Office. Assistant United States Attorney MARCUS A. ASNER is in charge of the prosecution.

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